

22 November 1972

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : Possible Sale of US Corn to North Korea

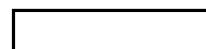
1. Marubeni, a Japanese trading firm, has applied to the United States Department of Agriculture for authorization to sell 100,000 tons of US corn to North Korea. USDA is in favor of granting authorization; however the matter will be decided by the National Security Council.

2. The North Koreans apparently want US corn because of a shortfall in supplies of Australian wheat, which is normally their principal source of imported grain. In recent years, North Korea has been importing about 200-300 thousand tons of Australian wheat annually, but the Australians apparently will be unable to supply large amounts this year. Because of this North Korea has bought 100 thousand tons of wheat from New Zealand and now is looking to the US. The fact that China has purchased US grain no doubt made such a step by North Korea politically more acceptable. The cost of US corn currently is substantially less than that of wheat and there is a large demand for corn in North Korea, usually satisfied from domestic output. The US has plenty of corn available, so the purchases should have no appreciable effect on the corn market.



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